

after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 1500 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a subsurface well bore easement under and through the leased premises for well bores existing during the lease (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall expire at the end of one (1) year after the Lease has expired.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of **two (2)** years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

See Exhibit "A" Attached hereto and by reference made a part hereof.

LESSOR (WHETHER ONE OR MORE)

PA Artrock, LLC, a Delaware Limited Liability Company

By: Michael Betancourt, Member

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

This instrument was acknowledged before me on the 2nd day of February 2010 by Michael Betancourt as Member of PA Arbrook, LLC, a Delaware Limited Liability Company, on behalf of said company.

CANDICE S. COLLIER
Notary Public, State of New York
No. 01CO6188349
Qualified in Bronx County
Commission Expires June 9, 2012

Candice S. Collier
Notary Public, State of New York
Notary's name (printed): CANDICE S. COLLIER
Notary's commission expires: JUN 9, 2012



RECORDING INFORMATION
STATE OF TEXAS

County of TARRANT

This instrument was filed for record on the _____ day of _____, 20____, at _____ o'clock _____ M., and duly recorded in

Instrument Number:: _____, of the _____ records of this office.

By _____

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED FEBRUARY 1, 2010, BETWEEN PA ARBROOK, LLC, and PALOMA RESOURCES, LLC, DESCRIBED AS 6.4524 GROSS ACRES, MORE OR LESS, KNOWN AS Lot 23, In the Ramey, R R Addition situated in the Robert R Ramey Survey, A-1343 an addition to the City of Arlington, Texas, more particularly described in the map or plat thereof recorded in Cabinet A, Slide 6087, Plat Records, Tarrant County Texas.

THE PROVISIONS OF THIS EXHIBIT SUPERSEDE ANY PROVISIONS TO THE CONTRARY CONTAINED IN THE LEASE TO WHICH EXHIBIT IS ATTACHED.

Notwithstanding anything in this Lease to the contrary:

1. **Surface Waiver.** Lessee shall not use the surface of all or any portion of the leased premises, whether under the Lease or otherwise, including, without limitation, use of the surface of the leased premises to explore, drill or mine for, produce, store, process, market and transport any oil, gas or other minerals conduct seismic or ingress and egress without the prior written consent of Lessor (which consent can be withheld in Lessor's sole discretion). This waiver shall not be considered as a waiver, release or relinquishment by Lessee of any right, title or interest of Lessee in the oil and gas on or under, or that may be produced from the leased premises or an portion thereof (whether under the Lease or otherwise), except as to the surface use rights incident thereto for which consent to use is not given by Lessor as provided above.
2. **Shut In:** If there is a gas well on this Lease capable of producing in paying quantities, but gas is not being sold for a period of 90 consecutive days, Lessee shall pay or tender in advance \$50.00 per well annual royalty from each well from which gas is not being sold. After the expiration of the primary term, the right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to no more than two (2) consecutive years and a cumulative (3) three years within any ten (10) year period.
3. **No Warranty.** This lease is made by Lessor without express or implied warranty or covenant of title. All warranties which might arise by common law or by statute, including but not limited to § 5.023 of the Texas Property Code (or its successor) are excluded. Lessor hereby represents and agrees to defend title by, through and under Lessor only from the time of Lessor's acquisition of the property. Lessor agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.
4. **Indemnity.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, LESSEE WILL INDEMNIFY, DEFEND AND HOLD LESSOR HARMLESS FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, SUITS, LOSSES, DAMAGES AND COSTS (INCLUDING WITHOUT LIMITATION ANY ATTORNEY FEES) CAUSED BY LESSEE'S OR ITS CONTRACTOR'S OR SUBCONTRACTOR'S ACTIVITIES INCLUDING, WITHOUT LIMITATION, ANY CLAIMS THAT LESSEE'S OPERATIONS THEREUNDER ARE EITHER ILLEGAL, UNAUTHORIZED OR CONSTITUTE AN IMPROPER INTERFERENCE WITH ANY THIRD PARTIES' RIGHTS, OR HAVE DAMAGED THE LANDS OR OPERATIONS OF ADJACENT LANDOWNERS. THIS INDEMNITY SHALL NOT BE APPLICABLE TO DAMAGES RESULTING FROM LESSOR'S NEGLIGENCE OR WILLFUL MISCONDUCT.
5. **Assignment.** Prior to any assignment of this lease or any rights hereunder, Lessee agrees to notify Lessor of the name and address of the proposed assignee(s) and to obtain Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed, provided that assignments of working interests to officers, directors, and subsidiaries or working interest partners of Chesapeake Exploration, L.L.C may be made without such consent so long as the aggregate working interest in this lease conveyed by all such assignments does not exceed a thirty percent (30%) working interest. Except for working interest assignments specifically allowed in the preceding sentence, every such assignment or sublease which shall be made without the written consent of Lessor first had and obtained shall be void, and although made with the written consent of Lessor, any such assignment or sublease shall nevertheless, be void unless it also contains a limitation in favor of Lessor requiring that the written consent of Lessor must be obtained prior to any further assignment or subletting of the rights of Lessee hereunder.
6. **Well Bore Easement.** Notwithstanding anything to the contrary herein, subsurface easements contemplated in this lease are not to be used for any pooled units in which the leased premises are not a part.